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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000524

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E.O. 12958: DECL: 4/15/2023

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SUBJECT: DPP CHAIRMAN FRANK HSIEH ON PRESIDENTIAL ELECTION,
DPP POLITICS, AND CROSS-STRAIT RELATIONS

Classified By: AIT Director Stephen M. Young, Reason 1.4 (b/d)

11. (C) Summary: DPP Chairman Frank Hsieh told the Director on April 14 that his presidential campaign proved unable to reverse the long-term declining performance of the DPP at the polls. The "burden" of President Chen's unpopularity, rather than any flawed campaign strategy, has underpinned DPP electoral losses since 2005. U.S. public opposition to the UN referendum ensured its failure and also cost Hsieh some support because a majority of Taiwanese take the U.S.-Taiwan relationship seriously. Hsieh said the DPP needs time to recover from its electoral setbacks, which could continue into local elections in 2009 if reform is not properly managed. Hsieh emphasized that DPP colleagues should not be overly critical of Vice President-elect Vincent Siew's trip to the Boao Forum, noting that the Siew-Hu meeting was a "good start." End Summary.

Presidential Election: Unable to "Turn the Tide"

12. (C) DPP Chairman Frank Hsieh (Chang-ting) and the Director met on April 14 to discuss the March presidential election, DPP party politics, and the future of cross-strait relations. The Director commended Hsieh for a well-run and hard-fought campaign, noting that his graceful concession speech on March 22 and the second upcoming transfer of power between political parties in the island's history underscore the maturity of Taiwan's democracy. Hsieh thanked the Director, adding that as long as Taiwan holds elections, leaders like President Chen or president-elect Ma Ying-jeou are unlikely to go against the majority's desire to maintain cross-strait peace, stability, and the "status quo" by taking radical steps toward independence or unification.

13. (C) Assessing the election outcome, Hsieh said that he had been unable to reverse the long-term declining performance of the DPP at the polls, which started with the party's defeat in the 2005 local city and county elections and deepened with the January 2008 legislative election rout. Hsieh suggested that the "burden" of President Chen's unpopularity, rather than any flawed campaign strategy, underpinned the DPP's recent electoral losses. The KMT successfully managed to equate a vote for Hsieh and other DPP candidates as support for the unpopular president and a

referendum on government corruption. Other factors, such as the KMT's vast financial resources and Ma's clean image and popularity, also contributed to KMT success.

14. (C) Although over 60 percent of voters opposed some of Ma's policies, such as the "one-China common market," Hsieh said dissatisfaction with particular issues did not weaken overall support for Ma. The KMT focus on perceived worsening economic conditions prompted working-class and professionals aged 30-50 to vote overwhelmingly for the KMT candidate. The one bright spot for the DPP, Hsieh noted, was winning back the youth vote (20-29 year olds) in the final few weeks of the election so that the vote in this demographic was about evenly split.

15. (C) Hsieh argued that U.S. public opposition to the UN referendum ensured its failure. He did not push the issue aggressively during the campaign in part because U.S. public statements against the measure affected his own support ratings. As Taiwan's most important friend, the U.S. is taken seriously by the majority of Taiwanese, who have little tolerance for measures that undermine the U.S.-Taiwan relationship, added Hsieh. The Director responded that the U.S. had urged President Chen in a private, low-key manner to reconsider the referendum before deciding to make our stance public.

Whither the DPP?

16. (C) Hsieh told the Director that the DPP will need some time to recover from the recent string of electoral setbacks. If the party handles the review of its election performance and implements reforms properly, it may stem further losses

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in the 2009 local city and county elections. Holding its own then, the party may be able to win at least one-third of the legislative seats in 2012. If reform falters, however, Hsieh worries the DPP could split into several smaller opposition parties, a development highly advantageous to the KMT.

17. (C) Going back into opposition with little administrative or legislative resources, the DPP has little need or room to see factions compete for power. Hsieh hopes his generation will retire from leadership positions, making room for the next generation. The next party chairman is unlikely to be the DPP's future presidential candidate and will need to lead party reforms, a task which will almost certainly offend some members. For now, it is unclear who the next chairman will be and how he/she will be selected. Hsieh joked that if deep-green pro-independence legislator Trong Tsai wins election as chairman, the DPP will devolve into a "referendum party." He suggested that as the opposition the DPP will need to have effective oversight of the KMT and form a "shadow government," adding that he will support setting up a website to monitor KMT policies and programs.

Siew-Hu Meeting: Give the KMT a Chance

18. (C) Turning to recent cross-Strait developments, Hsieh told the Director that the DPP should not be overly critical of Vice President-elect Vincent Siew's trip to the Boao Forum in Hainan, China. The Siew-Hu meeting, he acknowledged, was a "good start." The two sides need to keep talking, although the KMT needs to be wary of reaching a "hasty" conclusion on important political matters which could harm the island. Progress on economic issues such as weekend charter flights and expanding Chinese tourism do not represent a real "breakthrough," Hsieh argued, because Beijing had already entered into those discussions with the DPP administration. Despite economic concessions, Hsieh added, Beijing will never give up on its ultimate aim of unification for the island.

¶9. (C) Hsieh dismissed the criticisms of some of his DPP colleagues who argue that the KMT will "sell out" Taiwan. Perhaps one of the DPP's greatest achievements has been forming an island-wide consensus on the question of Taiwan identity, pushing the KMT to accept the position that Taiwan's future must be determined by its 23 million inhabitants. Over 65 percent of the population supports maintaining the "status quo" rather than independence or unification, he noted, pointing out that Ma and the KMT realize and accept this. The DPP and KMT now differ mainly on how, rather than if, to proceed with closer cross-strait economic ties. Ma's "no war" pledge, however, raises the question of whether his administration will reduce or cease purchasing advanced weapons from the U.S. to avoid antagonizing Beijing, Hsieh added.

Comment

¶10. (C) Relaxed and in good spirits, Hsieh nevertheless betrayed a sense of unease about the DPP's future as a viable opposition party. He clearly attributed his and the DPP's electoral woes in large measure to President Chen's unpopularity, though he did not belabor the point and did not make it personal, despite his long history of competition with Chen. The next generation of DPP leaders, if it emerges, faces the daunting task of rebuilding the party and will need to work with stalwarts like Chen and Hsieh, who are likely to maintain some influence within the Green camp.

YOUNG